WMWD WHOLESALE RATE ANALYSIS

Operating Revenue	$	532,168
Operating Expenses	$	411,621
Depreciation	$	168,278

81,733,000 gallons pumped from well (2013)
223,926 gallons per day (2013)

Treatment Expenses	$	52,894
Trans. & Dist. Expenses	$	53,060
Admin. & Gen. Expenses	$	178,554
Supply	$	127,113

$45,000/year in electric costs (per WMWD actual expenses)
$2,000/year in chemical costs
$3,500/year in material costs

BCWD will use approximately 7,013 LF of WMWD distribution system.
This represents 1.3% of the total system. 528,000 total LF/7,013 LF utilized = 1.3%
1.3% x $53,060 = **$689.78**

$53,000/year in direct labor costs
$5,000/year in miscellanous labor costs

$109,189.78/year in total treatment, transmission & distribution, & labor cost

In the short term BCWD may purchase up to 50,000 gallons per day, this would represent an approximate 22% increase in daily production for WMWD (223,926 current per day average/50,000 per day increase = 22.3%).

Assume all costs ($109,189.78) increase by 22.3% then WMWD costs would grow to $133,211.53 ($109,189.78 x 22% = $133,211.53).
Thus cost of WMWD to produce water would equal **$1.33**/1000 gallons. (273,926 gallons per day x 365 days = 99,982,990 gallons per year)
(100,000,000 gallons per year/1000 = 100,000)
($133,211.53 cost per year/100,000 gallons per year = **$1.33**/1000 gallons prod

* A proposed wholesale rate to BCWD of $1.83 per 1000 gallons could equal $33,397.50 per year.
* A reduced rate of **$1.33** per 1000 gallons could equal **$24,272.50** per year.
* This represents an approximate savings of $9,125 per year to BCWD.
* BCWD will be paying 100% of the cost of the project, 50% of the project cost will equal approximately $45,000.
* In order for BCWD to recoup half of their initial investment the reduced rate would need to be in affect for approximately 5 years.
  $45,000/$9125 per year = 4.93 years